

VA**U.S. Department
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News Release

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(202) 461-7600
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WASHINGTON -- Secretary of Veterans Affairs Anthony J. Principi recently proposed to Congress changes in the pay system for health care professionals that will help the department recruit and retain high-quality physicians, dentists and nurse executives.

"VA is facing a critical situation," said Principi. "The complex and outdated pay system, combined with an increasing workload, have made it difficult for VA to attract and keep sufficient numbers of the best health care professionals."

The VA compensation structure for physicians and dentists is a complicated system consisting of as many as eight different factors. The pay system for physicians has not changed since 1991. This system lacks the flexibility to adjust to the changing competitive market for many medical specialties and subspecialties.

In shortage specialties, such as anesthesiology, cardiology, gastroenterology, oncology, orthopedic surgery, radiology and urology, VA's total compensation lags behind the private and academic sectors by 35 percent or more, according to studies.

"We are proposing a three-tiered system -- base pay, market pay and performance-based pay," Principi said. "VA will be able to offer all physicians and dentists market-sensitive pay based on achieving specific performance goals."

The first tier would be a base pay range that would apply to all doctors and dentists in VA's health system, regardless of grade. Placement in this range would depend on a person's qualifications.

The second tier, market pay, will be determined according to geographic area, specialty, assignment, personal qualifications and experience. Indexed to the salaries of similarly qualified non-Department physicians, the flexibility of this tier would allow VA to keep pace with market trends.

The third pay element is linked to performance and would be based on specific achievements in quality, productivity and support of Department goals.

Under the proposal, a VA radiologist with 10 years experience, who can make about \$190,000 annually, could receive pay hikes ranging from \$32,000 to \$82,000.

The proposed legislation also would authorize VA to approve special pay to the nurse executive at each VA medical center and at VA Central Office. Nurse shortages, challenging health care environments and growing administrative demands have placed a premium on highly skilled nurse executives at all levels. Here too, the current pay structure puts VA at a competitive disadvantage when recruiting and fails to provide adequate incentive for VA nurses to seek leadership positions and increased responsibility.

For nurse executives, whose yearly salaries are now capped at \$125,000, the new pay system would add \$10,000 to \$25,000 annually.

"With the veteran population aging, and increasing numbers of veterans enrolling in the VA health care system, it is critical for VA to offer more competitive compensation for its physicians, dentists and nurse executives," said Principi.

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